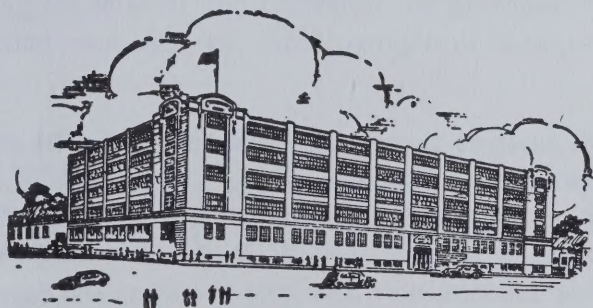


WOOD ALEXANDER
LIMITED
HAMILTON — ONTARIO

Annual Report

January 31st, 1973



DIRECTORS

J. B. CHEYNE,
President

E. H. KAISER,
Vice-President and General Manager

W. R. TEMPLIN,
Vice-President, Secretary-Treasurer

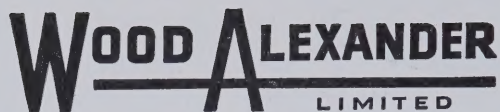
R. W. COOPER

D. R. GIBSON

L. W. RIXE

G. E. VANCE

R. W. WOOTTON



TO THE SHAREHOLDERS:

General business conditions throughout our trading area improved considerably during the past year. Our total sales for the year were down compared to the previous year. This is due to the inclusion of retail sales in our prior year's report. This part of our operations was completely phased out in late 1971.

We are pleased to report the Company continued to make progress in the development of our "Crest" Franchise Dealer Program. Our sales to these dealers increased considerably over the previous year. Our Plan for this year is to continue our efforts in the development of our "Crest" Franchise Program. The increasing number of retail merchants interested in becoming associated with our program is most encouraging.

It is our intent to explore new markets in our trading area for the lines of merchandise carried by the Company.

Last year we announced our new affiliation with Macleods, a very successful Winnipeg based merchandising company operating in Western Canada. Wood Alexander is continuing to benefit by this association with a complete new line of "Coronado" Major Appliances, also, an entirely new concept in Paint under the "Color Profile" theme. Macleods are assisting us to develop new lines of merchandise for "Crest" stores which are projected to improve profit for this year, both for the Company and its customers.

During last year we received three resignations from our Board of Directors. We are pleased to announce three new members to our Board; E. H. Kaiser, Vice-President and General Manager, Wood Alexander Limited; G. E. Vance, Merchandise Manager, Wood Alexander Limited; and W. R. Templin, Vice-President and Secretary, Gambles Canada Limited, now also Vice-President and Secretary-Treasurer of Wood Alexander Limited.

We have every reason to be confident that the sound financial position of the Company, together with its broad experience and progressive operating policy, will ensure a successful year.

The Board of Directors joins us in expressing our sincere appreciation for the full co-operation and loyalty of our customers, our employees, and our suppliers, during the past year.

On behalf of the Board,
J. B. CHEYNE,
President.

Hamilton, Ontario
March 29, 1973

WOOD ALEXANDER LIMITED

BALANCE SHEET AS AT JANUARY 31, 1973 with comparative figures for 1972

Assets

	1973	1972
Current assets:		
Cash	\$ 700	48,361
Accounts and notes receivable, less allowance for doubtful accounts	1,042,524	1,076,404
Income taxes refundable	—	15,403
Inventories, at the lower of cost or net realizable value	1,234,961	1,311,475
Prepaid expenses	12,785	10,668
Total current assets	2,290,970	2,462,311
Property, plant and equipment at cost less sales proceeds, less accumulated depreciation:		
Buildings and equipment	1,299,053	1,280,244
Less accumulated depreciation	689,500	660,283
	609,553	619,961
Land	39,400	39,400
Net property, plant and equipment	648,953	659,361
Sundry other assets	170	170
Deferred charges, at cost	17,545	—
	\$ 2,957,638	3,121,842

Liabilities and Shareholders' Equity

Current liabilities:		
Bank indebtedness	\$ 460,605	503,000
Accounts payable and accrued liabilities	533,718	613,538
Interest accrued on funded debt	1,500	1,570
Income taxes payable	622	—
Sales and other taxes payable	17,334	18,044
Total current liabilities	1,013,779	1,136,152
Funded debt (note 1):		
General Mortgage Redeemable Debentures		
5½% Series "A" due January 1, 1976	500,000	500,000
Less redeemed and cancelled	159,500	159,500
	340,500	340,500
Deferred income taxes	9,000	—
Shareholders' equity:		
Capital stock:		
6% cumulative sinking fund preference shares of a par value of \$100 each, redeemable at a price not exceeding \$105. Authorized 8,312 shares; issued, after redemption of 135 shares during the year, 2,312 shares	231,200	244,700
Common shares without par value. Authorized 200,000 shares; issued 152,000 shares	893,204	893,204
	1,124,404	1,137,904
Discount on redemption of preference shares	24,020	21,390
Retained earnings	445,935	485,896
Total shareholders' equity	1,594,359	1,645,190
	\$ 2,957,638	3,121,842

On Behalf of the Board:

E. H. KAISER, Director
W. R. TEMPLIN, Director

- NOTE 1. The Trust Indenture securing the General Mortgage Redeemable Debentures, 5½% Series "A", requires the company, under certain conditions, to make payments into a sinking fund on or before April 1 in each of the years 1973 to 1975 inclusive. The conditions are such that no sinking fund payment is required to be made by April 1, 1973.
- NOTE 2. Income taxes are increased because part of the cost of the buildings is not recognized for tax purposes and depreciation thereon, charged to earnings, is not deductible.
- NOTE 3. Net earnings are after deducting the remuneration of directors and senior officers (as defined by The Business Corporations Act to include three employees who are not officers) of \$63,113; 1971, \$55,166.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Wood Alexander Limited as of January 31, 1973 and the statements of earnings and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at January 31, 1973 and the results of its operations and the source and use of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hamilton, Ontario,
March 1, 1973

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

File
WOOD ALEXANDER
LIMITED *Corpor*

STATEMENT OF EARNINGS AND RETAINED EARNINGS
FOR THE YEAR ENDED JANUARY 31, 1973
with comparative figures for 1972

	1973	1972
Sales	\$ 5,706,602	6,161,731
Earnings before deducting the following:	\$ 73,727	66,359
Depreciation	34,861	43,751
Interest on funded debt	18,708	19,296
	53,569	63,047
Earnings before income taxes	20,158	3,312
Income taxes (note 2)	15,300	3,238
Net earnings (note 3)	4,858	74
Retained earnings at beginning of year	485,896	529,101
Add discount on redemption of debentures	—	2,160
	490,754	531,335
Deduct dividends:		
Preference shares	14,419	15,039
Common shares	30,400	30,400
	44,819	45,439
Retained earnings at end of year	\$ 445,935	485,896
Loss per common share <u>after dividends on preference shares</u>	\$.06	.09

STATEMENT OF SOURCE AND USE OF FUNDS — FOR THE YEAR ENDED JANUARY 31, 1973
with comparative figures for 1972

	1973	1972
Source of funds:		
Net earnings	\$ 4,858	74
Add (deduct) non-cash items:		
Profit on disposal of plant and equipment	—	(4,087)
Depreciation	34,861	43,751
Deferred income taxes	9,000	—
Funds provided from operations	48,719	39,738
Proceeds on disposal of equipment	6,239	34,580
Total funds provided	54,958	74,318
Use of funds:		
Additions to buildings and equipment	30,692	56,262
Deferred charges	17,545	—
Redemption of 5½% Series "A" general mortgage debentures less discount realized	—	8,840
Redemption of preference shares less discount realized	10,870	9,650
Dividends	44,819	45,439
Total funds used	103,926	120,191
Decrease in working capital	48,968	45,873
Working capital at beginning of year	1,326,159	1,372,032
Working capital at end of year	\$ 1,277,191	1,326,159

See accompanying notes to financial statements.